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E.O. 12065: RDS-1 10/15/01 (STOESSEL, WALTER J.)

TAGS: EAID, EAGR, EEWT, PL

SUBJECT: POLISH OFFICIAL REQUEST FOR U.S. FOOD AID

1. (S-ENTIRE TEXT)

2. POLISH AMBASSADOR SPASOWSKI CALLED ON UNDER SECRETARY STOESSEL ON OCTOBER 18 AND PRESENTED POLAND'S OFFICIAL REQUEST FOR U.S. \$740 MILLION WORTH OF AGRICULTURAL COMMODITIES IN FY 82. THE TEXT OF THE AMBASSADOR'S LETTER, ADDRESSED TO THE SECRETARY, IS AS FOLLOWS:

"I WISH TO CONVEY BY THIS LETTER THE POLISH GOVERNMENT'S INTENTION TO CONTINUE THE PURCHASES OF AGRICULTURAL COMMODITIES IN THE UNITED STATES. IN THE FISCAL YEAR 1981/82 THE POLISH GOVERNMENT WOULD LIKE TO PURCHASE SUCH COMMODITIES FOR THE VALUE OF ABOUT 740 MILLION DOLLARS. ALTHOUGH MEASURES ARE BEING TAKEN TO STIMULATE DOMESTIC AGRICULTURAL PRODUCTION IT IS A -PROCESS WHICH-TAKES TIME.

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POLAND, THEREFORE, INTENDS TO PURCHASE AMERICAN AGRICULTURAL PRODUCTS ALSO IN THE FISCAL YEARS 1982/83-AND 1983/84 FOR - THE VALUE OF ABOUT 840 MILLION DOLLARS ANNUALLY. -THE AMOUNTS FOR SPECIFIC COMMODITIES WERE SUPPLIED RECENTLY BY THE POLISH MINISTRY OF FOREIGN TRADE TO THE UNITED-STATES EMBASSY IN WARSAW.

FOR SEVERAL YEARS POLAND HAS BEEN BUYING IN THE UNITED STATES LARGE QUANTITIES OF MUCH NEEDED - AND IN THE CASE OF CORN NOT DOMESTICALLY PRODUCED - AGRICULTURAL COMMODITIES. THIS NATURALLY HAS DEVELOPED OUR DEPENDENCE ON SUCH SUPPLIES FROM THIS COUNTRY.

THE REPRESENTATIVES OF THE POLISH GOVERNMENT HAVE ON VARIOUS OCCASIONS EXPRESSED THEIR APPRECIATION OF HAVING THE POSSIBILITY TO PURCHASE AGRICULTURAL COMMODITIES ON CCC CREDIT TERMS. I WOULD LIKE TO ADD MY THANKS THIS TIME ALSO. BUT NOW, POLAND IS FACING SERIOUS ECONOMIC DIFFICULTIES AND IS UNABLE TO MEET THE CREDIT TERMS OF THE CCC WHICH WERE GRANTED TO POLAND. I HAVE BEEN, THEREFORE, INSTRUCTED TO REQUEST THE UNITED STATES GOVERNMENT TO MAKE AVAILABLE TO POLAND - AS A TRADITIONAL IMPORTER OF US AGRICULTURAL COMMODITIES - FURTHER PURCHASES OF THESE PRODUCTS ON FINANCIAL TERMS WHICH COULD BE MET BY THE COUNTRY'S BALANCE OF PAYMENTS MOST DIFFICULT SITUATION.

MAY I ALSO SAY THAT POLAND IS NOW IN THE PROCESS OF WORKING OUT A NEW ECONOMIC PROGRAM AND INSTITUTING REFORMS TO REVITALIZE INDUSTRIAL AND AGRICULTURAL PRODUCTION.

I HOPE, MR. SECRETARY, THAT THIS REQUEST OF THE POLISH GOVERNMENT WILL BE GIVEN SYMPATHETIC CONSIDERATION BY THE GOVERNMENT OF THE UNITED STATES."

3. SPASOWSKI SUGGESTED TERMS SIMILAR TO THOSE UNDER PL-480 WITH PAYMENT IN ZLOTYS, "I REALIZE WHAT THIS MEANS" HE ADDED, BUT NOTED THAT THIS IS PROBABLY THE MOST REALISTIC OPTION, OTHERWISE REPAYMENT TERMS WOULD HAVE TO BE VERY LONG WITH A GRACE PERIOD OF SEVERAL YEARS.

4. SPASOWSKI SAID THAT U.S. AID COULD BE A DECISIVE

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ELEMENT IN DETERMINING POLAND'S FUTURE IN BOTH THE IMMEDIATE AND LONGER-TERM. THERE ARE SO MANY UNKNOWNNS IN

POLAND'S FUTURE THAT THE U.S., "AS A FRIEND" IS BEING REQUESTED TO DO ALL THAT IS POSSIBLE TO HELP "AT THIS OMINOUS TIME." U.S. AID WOULD HELP BOTH; ECONOMICALLY, AND BY DEMONSTRATING US FRIENDSHIP AND SUPPORT TO THE POLISH PEOPLE. AMBASSADOR STOESSEL REPLIED THAT THE US GOVERNMENT WILL GIVE THIS REQUEST SYMPATHETIC CONSIDERATION, ADDING "YOU KNOW HOW SYMPATHETIC WE HAVE BEEN IN THE PAST."

5. THIS REQUEST DOES NOT ADDRESS POLAND'S IMMEDIATE NEEDS, SPASOWSKI ADDED. HE WENT ON TO "URGENTLY REQUEST"-WHATEVER FOOD AID COULD BE PROVIDED THROUGH PRIVATE CHANNELS DURING THE COMING WINTER. HE MADE A STRONG PLEA FOR FURTHER PRIVATE AGENCY FOOD AND MEDICAL AID WHERE POSSIBLE BECAUSE

THIS IS THE MOST EFFECTIVE AND REACHES THE PEOPLE DIRECTLY. THE PROBLEM IS NOT THAT THERE ARE NO FOODSTUFFS IN POLAND, BUT THAT DISTRIBUTION PROBLEMS AND UNCERTAINTIES FACING FARMERS ARE KEEPING DOMESTIC SUPPLIES FROM REACHING URBAN DWELLERS AND FACTORY WORKERS. POLISH FARMERS ARE RELUCTANT TO SELL THEIR PRODUCE TO THE STATE FOR CURRENCY WITH WHICH THERE IS LITTLE TO BUY. IN ADDITION, THERE ARE ALL SORTS OF FOOD PROCESSING PROBLEMS IN POLAND. CONSEQUENTLY, SPASOWSKI SAID THAT SOME PROCESSED FOOD, SUCH AS FLOUR INSTEAD OF GRAIN, WOULD BE VERY USEFUL AS A PART OF A US ASSISTANCE PROGRAM.

6. AMBASSADOR STOESSEL SAID THAT WE HOPE TO SEE SPECIFIC PROGRESS ON ECONOMIC REFORM MEASURES IN POLAND AIMED AT EXTRICATING THE COUNTRY FROM ITS ECONOMIC PROBLEMS. ANOTHER IMPORTANT ELEMENT WILL BE CONTINUED SOVIET AID FOR POLAND. ANY USE OF FORCE AGAINST THE POLISH PEOPLE BY EITHER THE SOVIET UNION OR THE GOP WOULD HAVE A SERIOUSLY ADVERSE EFFECT ON U.S. CONSIDERATION OF AID FOR POLAND.

7. SPASOWSKI CITED THE PROPOSED CARE PRE-SCHOOL FEEDING PROGRAM, AS AN EXAMPLE OF AN EXTREMELY USEFUL FORM OF AID. HOWEVER, HE SAID, ELEMENTS IN THE POLISH BUREAUCRACY SEIZED ON THE FACT THAT THE U.S. SUGGESTED SOME IMPROVEMENTS IN

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THE STANDARD SALES AGREEMENT TO DELAY COMPLETION OF THE SALE. SPASOWSKI SAID THERE IS CLEARLY "BAD WILL" BEHIND THIS OBSTRUCTIONISM BY SOME WHO WISH TO BLOCK ANY WESTERN AID EFFORTS. HE CALLED THIS AN EXAMPLE OF THE SITUATION IN POLAND TODAY, AND SAID HE HAD SENT SEVERAL MESSAGES TO WARSAW ASKING THAT THE AGREEMENT BE SPEEDED UP.

8. SPASOWSKI ALSO SAID HE HAS MET WITH LECH WALESA'S ADVISOR CONCERNING WALESA'S PROPOSED TRIP TO THE-U.S. HE REQUESTED "PERSONALLY" THAT STOESSEL DO EVERYTHING POSSIBLE TO MAKE WALESA'S TRIP A PRODUCTIVE ONE ADDING HIS HOPE THAT WALESA WILL SEE THE PRESIDENT. SPASOWSKI SAID HE WANTS TO WORK CLOSELY WITH THE DEPARTMENT ON THIS MATTER, AMBASSADOR STOESSEL SAID WE WOULD KEEP IN TOUCH WITH HIM AS PLANS FOR THE VISIT DEVELOP. HAIG

END OF MESSAGE

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